

Nine Years of ACHIEVEMENT



The Best Promise of Good Government



HON. GEO. HOADLEY
AGRICULTURE AND HEALTH
1921-1930



HON. IRENE PARLEY
MINISTER WITHOUT PORTFOLIO
1921-1930



HON. R.G. REID
TREASURY AND
MUNICIPAL AFFAIRS
1921-1930



HON. W.W. SMITH
RAILWAYS AND
TELEPHONES
1921-1930



HON. J.E. BROWNLEE
PREMIER, PROVINCIAL SECRETARY AND
MINISTER OF LABOUR



HON. PEDEN BAKER
EDUCATION
1921-1930



HON. O.L. MCPHERSON
PUBLIC WORKS
1925-1930



HON. J.F. LYMBURN
ATTORNEY-GENERAL
1925-1930

The U.F.A. ADMINISTRATION

Nine Years of Achievement



ON THURSDAY, the 10th day of June, the electors of the Province will again, by their ballots, decide what Government shall hold office for another legislative term.

In the election of 1926 the Government stood squarely upon its administrative record of the preceding five years. The Government again rests its claim for support on the basis of nine years of administrative record which have been particularly marked by—

1. An admittedly fair and honest administration.
2. The successful solution of difficult problems inherited from a previous administration, notably the Railway Problem, the Natural Resources question and the problems involved in the Provincial Telephone system.
3. Progressive leadership in the administration of social services.
4. The development of an advanced highway programme, and
5. A sound financial policy.

RECORD OF ADMINISTRATION

IN any review of the record of the present Government since it assumed office in 1921, probably the most outstanding fact is the almost complete absence of criticism of its Departmental administration.

The various departments of Government today are mainly concerned with the management of what are undoubtedly big businesses: For example, the Telephone Department, involving an annual turnover of \$3,826,000; the Liquor Department with its various branches; the expenditure of between \$4,000,000 and \$5,000,000 in construction and maintenance of roads, bridges and the operation of ferries; the operation of mental institutions, hospitals, normal schools, agricultural schools and legal offices throughout the Province.

For nine successive years the Government has submitted to the Legislative Assembly its annual accounts and the record of its management of these businesses, and it can safely be said that with the exception of some criticism of one of the mental hospitals in the Session of 1929 and of the Donatville Co-operative Credit Society in the Session of 1930, hereinafter referred to, there has been a complete lack of criticism of Departmental management.

The past four years particularly have witnessed not only an absence of criticism but, to the contrary, a general recognition by the people that the Province has enjoyed good government. The following extracts are taken at random from editorials appearing within the past year:

EDMONTON JOURNAL, March 8th, 1930—

"It (The Alberta Government) has much good work

to its credit, as is freely acknowledged by every fair-minded person and especial recognition must be given to the ability and devotion that the Premier has brought to his onerous duties."

MORNING ALBERTAN, May 15th, 1930:

"The virtue of the Brownlee Government; its business acumen and its sincerity of purpose are all generally recognised."

ALBERTA LABOR NEWS, Jan. 12th, 1929:

"In its handling of the railway problem the Alberta Government gained the admiration of the whole of Canada. It saved the people of this Province upwards of fifteen million dollars, counting the improvement in the administration of the roads while they were operated by the Government and the increased amount for which the railways were finally sold over that which was first offered. On its record in the railway problem alone the Government certainly earned the right to be called a 'business administration.'"

Apart from other considerations is there any better reason for the renewed confidence of the electors in the present Government than nine years of unchallenged business administration which political opponents admit has been honest and sincere?

A RECORD OF NINE YEARS OF GOOD GOVERNMENT IS THE BEST PROMISE OF GOOD GOVERNMENT FOR THE FUTURE.

SPECIAL PROBLEMS OF ADMINISTRATION

WHEN the present Government entered office in 1921 it inherited from its predecessors a most difficult and perplexing problem in the three Provincial railways, the Lacombe and Northwestern, the Edmonton, Dunvegan and British Columbia and the Alberta and Great Waterways, in which the Province up to the time of the sale of the railways had become involved through advances, guarantees and payments of defaulted interest to a sum of approximately half of the net bonded debt of the Province. The Edmonton, Dunvegan and British Columbia Railway, in which the Province was involved to the largest amount, was not even owned by the Province, but its capital stock and securities were held by the Royal Bank of Canada.

Facing this problem the Government first, after lengthy negotiations, completed a favorable agreement with the Royal Bank to take over the various securities and thus become owners of the road. A capable manager was secured in the person of Mr. John Callaghan, and every effort was made to build up traffic to prove the railways had a real value.

The following synopsis of the offers subsequently made for the roads tells its own story:

1925: Both Transcontinental Railways refused to consider any offer of purchase. In May, 1925, the Canadian National Railways offered to operate the Edmonton, Dunvegan and British Columbia Railway on a ten-year lease, all interest and fixed charges to be assumed by the Government and actual operating cost and maintenance by the Canadian National. In the same month the Canadian Pacific Railway offered to pay \$60,000 per year as rental with all interest and other fixed charges to be assumed by the Government.

1926: The Canadian Pacific Railway offered \$250,000 per annum for a term of five years.

1928: The Canadian National Railways and the Canadian Pacific Railway joined in an offer to purchase the Edmonton, Dunvegan and British Columbia Railway on a basis of which the cash value amounted to \$15,500,000, while the Canadian National agreed to purchase the Alberta and Great Waterways Railway on terms by which the cash value was estimated at \$3,718,000, or a total for the two roads of \$19,218,000.

In the face of very definite criticism on the part of the general public the Government declined this offer and continued negotiations, with the result that the two railways were subsequently sold in September, 1928, and on a basis of the sale the cash value amounted to about \$25,545,000. The Lacombe and Northwestern Railway had previously been sold to the Canadian Pacific Railway on terms accepted by the public as fair and equitable.

From the above it will be seen that in three years the management of these railways changed the situation from one in which only a nominal rental was offered by either transcontinental railway to one involving a sale at \$25,545,000.

NATURAL RESOURCES

When the present Government took office in 1921 it resumed the negotiations with the Dominion Government previously carried on by the preceding administration. The story of these negotiations can best be told by a brief synopsis of the various offers made by the Dominion Government as shown by letters of the Prime Minister of Canada, all of which have been produced in the Legislative Assembly.

February 20th, 1922, the Dominion Government offered to transfer to the Province its natural resources on condition that the Province should surrender the subsidy paid in lieu of lands.

Between 1922 and 1926, negotiations took place resulting in an agreement which, however, did not become effective, providing that the Province should get its unsalinated lands excepting national parks, forest reserves and water powers and that the present subsidy of \$562,500 should be continued for three years to assist the Province in setting up its administration.

On December 29th, 1928, the Prime Minister offered to transfer to the Province its resources in their entirety, with the exception of national parks, and to continue the present subsidy, in lieu of lands, of \$562,500 per year for all time, but without the increases in subsidy provided under the Alberta Act.

On October 6th, 1929, the previous offer was amended to provide that the subsidy in lieu of lands should be continued for all time, including all increases under the Alberta Act, which provides for increases of this subsidy according to population until a maximum of \$1,125,000 is paid when the population reaches 1,000,000.

TELEPHONE PROBLEM

The Provincial Telephone System is undoubtedly one of the biggest businesses in the Province. In 1921 the total revenue was \$2,817,683 and total expenses \$2,549,056—leaving an apparent profit of \$268,627. This, however, did not allow any provision for depreciation or reserve and practically no such provision had been made prior to that year. At the same time large increases had been made in capital by the construction of non-revenue producing lines, so that in the following years expenditure was considerably more than revenue, without any provision for either depreciation or reserve. As a result of the losses shown in the annual statements from 1922 to 1925 the Government met strong criticism throughout the Province for not increasing rates, but declined to increase rates until improved farm conditions would enable the increased rates to be met. In 1926 the reorganization of the rate structure was effected and provision made for a ten-year subvention by the Province of \$177,000 to carry the system until increased business would take care of all expenditures. This subvention was only paid, however, in two years, 1926 and 1927, the rapid improvement in the system taking care of all expenses including depreciation and reserve. The financial statement for 1929 shows—

Revenue.....	\$3,826,917
Total expenditure, after providing for depreciation and reserve.....	3,670,827
Profit.....	\$ 156,190

During the same period the mileage of rural pole lines has increased from 15,309 in 1921 to 20,635 in 1929; Miles of wire from 50,810 in 1921 to 77,576 in 1929; while total reserves against replacement plant stand at \$2,662,837.

**THE GOVERNMENT'S ACHIEVEMENT
IN SOLVING THESE OUTSTANDING
PROBLEMS IS THE BEST GUARANTEE
OF ITS ABILITY TO MEET THE PROBLEMS
OF THE NEXT FEW YEARS.**

SOCIAL SERVICES

AAMPLE testimony has been paid both within and without the Province to the leadership the Government has given along the line of social services. During the past year the Farmers' Union of Saskatchewan invited the Minister of Health to their annual convention to speak on matters of public health, admitting the leadership Alberta was giving in this particular sphere.

The Labor Party in the Province have always placed social reform in the forefront of their legislative program. The Manifesto recently published by the Labor Party contains the following paragraph:

"Never before in the history of the Legislatures of the Dominion of Canada, has a minority group of representatives been able to come before its constituents with such a fine record of legislative achievement, as that which the Labor Party in Alberta presents to the voters in the industrial areas of this Province on the eve of the general Provincial election that will take place on June 19th, 1930."

The Labor Party will, no doubt, freely admit that the program of progressive social legislation outlined in their Manifesto was only possible because of the desire of the Government to work along progressive lines in this respect. The program outlined includes reference to amendments to the

Workmen's Compensation Act, placing Alberta Act in the forefront of similar Dominion legislation;

The Mothers' Allowance Act, under which in 1929 the sum of \$374,877 was paid to mothers;

The Minimum Wage Act, improving the wages to female workers in industry, distributing from \$150,000 to \$200,000 per year.

The Old Age Pensions Act, under which the total sum of \$806,788 is paid to aged persons in the Province—one-half of this sum being repaid by the Dominion Government.

PUBLIC HEALTH

In no other Department of the Government has there been more outstanding progress than in the development of Public Health institutions in the Province.

The number of Municipal Hospitals has increased from nine in 1921 to twenty in 1930. The amount paid for hospital grants to assist hospitals throughout the Province has increased by \$164,550.

Number of clinics held	184
Number of school districts covered	1,219
Number of families served (estimate)	5,000
Number of children inspected by Public Health	

Nurses preceding the clinics (approximately) ..	24,000
Number of physical examinations by physicians ..	14,215
Total number of operations	4,820
Total number of dental treatments	10,368

EDUCATION

The Opposition Groups have persistently endeavored to represent to the public that the cause of education has been neglected under the present administration. Not only is this not true, but to the con-

trary remarkable progress has been made in the Province during the past decade. Enrolment in our schools has increased 35.6 per cent, and now totals 164,850. 1,217 new school rooms have been opened, making a present total of 5,345. The average period of operation has been greatly increased. 93 per cent of our schools are operating for 160 days or more as compared with 66 per cent in 1921. This remarkable improvement has been brought about largely through the establishment of a system of equalization grants graded according to the financial ability of the district.

Teachers today are better trained. Permit teachers, of whom there were 778 in 1921, have been replaced by trained teachers. Academic requirements for entrance have been raised and the period of training in the Normal Schools lengthened and practice teaching greatly increased. Recently a school of education has been established within the University to give special advanced training to University graduates particularly fitting them to become school principals, high-school teachers, superintendents and school inspectors.

In 1929 less than one-half as many pupils left school without grade eight as in 1922, although the enrolment increased 23,000. Grade eight examinations were written in 1804 rural schools in 1929 as compared with 886 in 1921. High school enrolment has increased approximately 100 per cent.

The curriculum, both elementary and secondary, has been revised in accordance with the best modern thought and the list of authorized text books has been completely revised. The Government, in keeping with the movement in other countries, proposes to give further study to the curriculum in order to ensure that our curriculum bears the proper relation to the practical and cultural needs of our day.

An effort is made through a correspondence course to reach children who have no school to attend, and 1,600 pupils have received instruction in this way.

The Government is making a greater contribution to rural education than in 1921, the cost of rural education having, in nine years, increased 15 per cent, while the Government grants have increased in the same period 23 per cent.

The Institute of Technology and Art at Calgary started in 1920 with an enrolment of 636, and in 1929 enrolled approximately 2,000.

This result has not been brought about without increased expenditure by the Province, the expenditure for education having increased until the expenditure for 1929 is \$485,542 more than in 1921.

Our educational system rests on exactly the same basis as in other Provinces of Canada, namely, that of the rural school district.

What is commonly called "The Baker Bill" was introduced before the last Session of the Legislature and was intended to provide the means of enabling school districts in a purely voluntary way to join in larger units for administration purposes, following the views of advanced educationalists today. This Bill was withdrawn, as the Government believes legislation can only be effective as it has the enthusiastic and fairly general support of the general public, and no change in the present basis will be made unless and until this degree of approach to unanimity is attained throughout the Province.

HIGHWAY PROGRAMME

THE Government has received widespread commendation for its highway policy, which it believes to be sane and progressive.

Prior to 1921 there was no definite highway policy in existence. Money was spent for road purposes indiscriminately and without any plan or objective. Grants were made to constituencies, and the Local member arranged for the expenditure of the grant as part of the patronage system. Since 1921 grants are made to Municipalities instead of to constituencies, on the basis of a formula, taking into consideration the cost of building roads, population, etc., and roads are built under the supervision and direction of competent authorities in the Municipal District assisted by competent engineers.

Under the Public Highways Act, 1929, all highways and roads in the Province are classified as follows:

Main Highways—Such highways as form traffic channels of communication through the Province or connect with highways outside and adjoining the Province and carry general Provincial, national or international traffic. Total cost of both construction and maintenance is borne by the Province as, generally, the traffic originates outside the Municipal Units through which it passes and is, therefore, a Provincial responsibility.

Secondary Highways—Secondary in importance to main highways, but carry a certain amount of general Provincial traffic. Cost of construction borne equally by the Province and the local authority through which it passes. After construction to the standard acceptable

to the Minister of Public Works the cost of maintenance is borne by the Province.

District Highways—Roads which are, in the opinion of the District Highway Board, of less importance than main or secondary highways, but are of outstanding local importance to the district served. Province contributes to the cost of construction according to percentages fixed by the District Highway Board.

In 1921 the main highway system comprised approximately 2,000 miles of blade grader turnpike with occasional fills. This system was not carried out under engineering supervision, and was not a base upon which gravel could be placed. Maintenance was approximately \$35 per mile. The Government had three gravel beds and had surfaced with gravel 17 miles of road.

In 1930 the highway system comprised 2,820 miles, of which 1,459 was constructed under engineering supervision to Provincial main highway standard at an average cost of \$2,400 per mile, and maintenance increased to \$95 per mile. The Province owns 55 gravel beds and 1,056 miles have received first course gravel and 526 miles second course.

The north and south highway from Edmonton to the International Boundary has been fully completed with gravel, also from Calgary to Banff, and seven main highways are now being projected from this north and south road to the Saskatchewan border. With the completion of the north and south highway and with growing revenues from the gasoline tax much more rapid progress can be made in completing all these east and west roads.

FINANCIAL POLICY

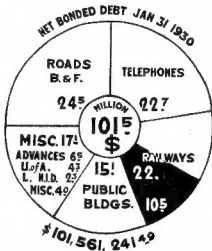
THE parties opposed to the Government have practically centered their criticism upon the financial record of the Government, alleging that the Government has increased the public debt to alarming proportions, has greatly increased expenditure and has increased taxation.

The following information is submitted to show clearly (1) what constitutes the public debt; (2) that the increased expenditure is due to increased services, none of which are challenged by either political opponents or the public; and (3) that the growth of the public debt and expenditure is not out of proportion to that of other Provinces in Canada.

1. NET BONDED DEBT.

This illustration clearly shows that of the total net bonded debt, which now stands at \$101,561,241.49, the great portion is revenue producing, or represented by substantial assets.

- 25 per cent represents capital investment in roads, bridges and ferries.
- The Telephone System represents \$22,727,000. This asset is revenue producing and carries itself.
- Railways represent \$22,020,000, of which \$10,580,000 will be repaid by the two Transcontinental Railway companies. The only responsibility of the Government with respect to this portion of the debt is that part paid to build extensions and in defaulted interest until the roads could be built into an asset to be sold.



(d) Public buildings	\$15,131,000
University	\$ 4,343,000
Leth. Nor. I. D.	\$ 2,324,000
Advances	\$ 6,453,000
Miscellaneous	\$ 3,992,000
	\$17,112,000

With respect to the above it should be further noted that the amount representing the Lethbridge Northern Irrigation District was created by the previous administration,—also that the critics of the Government all advocate an increased road programme which would increase that portion of the public debt.

2. TOTAL PROVINCIAL LIABILITY.

PROVINCIAL DEBT DIRECT & INDIRECT NOTE · 000 OMITTED

	DIRECT BONDED DEBT	INDIRECT DEBT	TOTAL
Total Dec. 31 st 1921	\$7,464	\$30,408	\$37,872
Reductions:			
ROADS, BRIDGES, FERRIES	14,934	14,934	
RAILWAYS	12,387	17,094	4,707
PUBLIC BUILDINGS	5,039	5,039	
TELEPHONES	2,047	2,047	
UNIVERSITY	4,039	3,550	489
LETHBRIDGE N.I.D.	2,324	129	2,453
MISCELLANEOUS	4,027	316	3,711
TOTAL INCREASE OR DECREASE	44,097	20,831	23,266
TOTAL JAN. 31, 1930	101,561	9,577	111,138

Although the direct bonded debt at 31st December, 1921, was \$37,464,000, there was a further indirect debt of \$30,408,000, represented principally by guaranties of bonds of Provincial Railways, Lethbridge Northern Irrigation District, and the University of Alberta. The total liability of the Province as at that date was therefore \$67,872,000.

The above chart shows that during the nine years of its administration the Government has cut down the indirect debt: first, by the sale of the railways, and by transferring to a direct obligation liabilities previously carried under the heading of "indirect liability," so that as at the 31st January, 1930, the total liability of the Province is \$111,138,000, or an increase of \$23,266,000.

In other words at the end of nine years the present Government has increased the liability of the Province by the amount of \$23,266,000, as compared with \$87,872,000 in the fifteen years of Liberal administration. It should also be noted that in these figures are included \$15,000,000 railway debt which will be repaid under the railway agreement. Critics of the Government who quote only the increase in the direct bonded debt ob-

viously do not give the true picture of the liability of the Province in 1921, and try to make the Government responsible for capital expenditures which the Government was forced to make through policies not of its making and expenditures forced upon the Government in trying to protect investments made by the previous administration.

3. EXPENDITURE ON INCOME ACCOUNT.

The following chart shows clearly the increased services and increased expenditures under the heading of Public Welfare, Maintenance of Highways, Education and new services, as well as the amount by which the Government has reduced general administrative costs, constituting a net increase of \$3,038,366, which, together with the increase of \$5,780,677, as interest on public debt, makes up the total difference between the estimated expenditure of 1921 as compared with the estimated expenditure of 1930.

EXPENDITURES INCOME ACCOUNT

1930-31 Est.	\$17,061,337	P.D. \$3,786,677
1921 Est.	10,236,294	P.S. 3,038,366
INCREASE	+6,825,043	+6,825,043

ANALYSIS OF INCREASED PUBLIC SERVICE EXPEN.

	MENTAL INSTITUTES	\$448,369	
	CEN. ALTA. SAN.	295,922	
PUBLIC	HOSPITAL GRANTS	164,550	
WELFARE	MOTHERS ALLOWANCES	155,000	
	CHILD WELFARE	19,675	\$1,013,516
ROADS	MAIN HIGHWAYS	591,500	
(Misc)	D&L. ROADS & FERRIES	185,500	777,000
EDUCATION	GRANTS	322,108	
	SERVICES	163,434	485,542
MISC.	PUBLIC BLDGS. & JAILS	142,134	
	MISCELLANEOUS	307,450	442,584
NEW	SUPERANNUATION	115,000	
SERVICES	OLD AGE PENSIONS	806,788	
	DEBT ADJ. CLINICS, Etc.	319,075	1,940,863
TOTAL			\$3,966,505
LESS MISC. REDUCTIONS IN COSTS OF ADMINISTRATION			928,139
TOTAL			\$3,038,366

TOTAL	\$3,966,505
LESS MISC. REDUCTIONS IN COSTS OF ADMINISTRATION	928,139
TOTAL	\$3,038,366

NOTE: In the above chart the letters "P.D." stand for Public Debt, and the letters "P.S." for Public Service expenditure.

This information has been placed before the Members of the Legislature repeatedly, and not one item has been questioned. The Government invites its critics to any which of these items of increased expenditure should be cut down in order to decrease the annual provincial expenditure.

Economies in Administration

In answer to the general criticism of extravagance, the Government can show item after item where the same service is being performed today as in 1921 at a considerably reduced cost, although, in keeping with the development of the Province, the work of such adminis-

trative branches is greatly increased. The following items are taken at random from the Public Accounts:

	1921.	1930-31.
Bureau of Labour	\$123,200.00	\$106,652.00
Recording of Brands	16,000.00	6,000.00
Adminis. of Stallion Act.	16,200.00	2,900.00
Publicity Comm. Office	25,000.00	12,100.00
Supreme and Dist. Courts	93,345.00	88,419.98
Process Issuance	8,500.00	2,500.00
Sheriffs	88,720.00	74,565.02
Land Titles Office, Edm.	100,200.00	80,545.00
Land Titles Office, Calgary ..	91,950.00	81,435.00
Alta. Provincial Police	500,512.00	473,600.00

4. REVENUE AND TAXATION.

Another favorite criticism of opponents of the Government is to point to the difference in revenue collected by the Government in 1930 over and above that of 1921, and to draw the conclusion that taxation has been increased accordingly.

This argument fails to take into account the natural growth of revenue from many sources not affecting the loans paid by the ordinary taxpayer, as well as increased revenue because of increased growth, although the basis of revenue has remained the same.

REVENUE INCOME ACCOUNT

1931 Est. #17,107,687	1921 Deficit	\$2,118,210
1921 Act. 8,486,946	1921 P. D. Int.	704,800
		\$2,823,010
	P. D. Int. since 1921	3,081,877
INCREASE 8,620,741	Public Services	3,038,366
	Diff. between Act. & Est.	322,512
		\$8,620,741

ANALYSIS OF INCREASES

LIQUOR ACT	\$2,349,245
GASOLINE TAX	2,300,000
AUTO LICENCES	1,417,469
REVENUE PRODUCING TAXES	1,056,703
FEES	533,991
DOMINION OF CANADA	399,921
SUCCESSION DUTIES	372,585
CORP. & COMPANY TAXES	254,946
MISCELLANEOUS	146,535
RAILWAY MILEAGE TAX	129,100
	\$8,953,495
LESS-LAND & PROPERTY TAXES	275,816
MISCELLANEOUS	56,938
	\$339,754
TOTAL	\$8,620,741

NOTE: In the above chart, "P.D. Int." stands for Public Debt Interest. The sum \$322,512 is the difference between actual and estimated expenditure.

From the above chart the following information clearly appears:

1. That the revenue in 1921 was \$2,118,210 below the expenditure for that year, leaving a deficit of that amount which the present Government had to make up.
2. That the large capital expenditures of that year involved deferred interest charges of \$701,800.
3. That a very substantial portion of the increased revenue comes from liquor profits, revenue producing assets, fees, subsidies from the Dominion of Canada, corporation taxes and railway mileage tax, none of which affect the ordinary taxpayer.
4. That the Supplementary Revenue Tax has been reduced, due to the revolution of land in 1928.
5. That the automobile licenses, although on the same basis

as 1921 per license, brings greatly increased revenue because of the greater number of cars.

6. That the only increased taxes paid in 1930 by the ordinary taxpayer over and above that of 1921 is the gasoline tax, on the same basis as in every Province of Canada, and a slight increase in succession duties in larger estates.

Finally, the Government rests its case, so far as its financial record is concerned, on the fact that every other Province has increased its public debt proportionately, after making allowance for the fact that only one other Province, British Columbia, had a Provincial railway problem, and after making further allowance for the difference in policies between Provinces with respect to Provincial telephone system, and further, that a proportionate increase in expenditure and revenue is shown by every other Province in Canada, regardless of the political character of the Government.

CO-OPERATIVE CREDIT SOCIETIES ACT

The first Co-operative Credit Society Act was passed in 1917 by the previous administration, providing for the formation of credit societies, but making no provision whatever for supervision. Realizing the experimental nature of this legislation the Government deliberately neglected the formation of the societies until 1921, when the Act was amended to provide for Government Supervisors to safeguard the Government's guarantee. Two supervisors were appointed, one for the northern and one for the southern part of the Province. As local control is one of the aims of this legislation, a local Board of Directors is appointed in each society to work with the Supervisor in passing on the loans. New Zealand, after examining all forms of administration of such societies, adopted the principle of the Supervisor.

As of December 31st, 1929, thirty-seven societies had been organized.

It will be seen that for approximately nine years the two Supervisors have worked with the societies organized each year, passing on the loans on the ground, with the assistance of the local Board, and therefore understanding fully the nature and purpose of the organization. Loans are approved or paid by a Bank and subsequently reported to the Provincial Treasurer.

Last year the Supervisor attended the organization of the Donatville Credit Society, approved the organization of the society and passed on the loans, the amount of which was reported to the Government in due course. When the details came to hand it was discovered that in this case the Supervisor departed from the principle of the Act observed in the organization of all the other societies and approved of loans entirely for the purchase of land at valuations which now appear excessive. Immediately upon the facts becoming known to the Department, steps were taken to protect the interest of the Government and the whole matter is still under investigation and adjustment, between the Attorney General's and the Treasury Departments. The total amount of loans authorized is \$16,027.49, and this is the maximum loan which the Province would suffer if nothing were salvaged. An offer of settlement has been made by the vendors of the land to discount the sale price by approximately \$20,000, and there are chattels from which should \$5,000 or \$6,000 may be recovered, so that when the Society is finally wound up and the land and chattels sold the loss should be substantially reduced.

Steps were also taken to appoint a Chief Supervisor in the person of Mr. J. F. Percival, whose appointment has since been endorsed, so far as his qualifications are concerned, by the officers of the Co-operative Credit Association. Efforts were made during the present Session to show that the loss in the Donatville Society was only an indication of the very serious losses which the Government would face in connection with other Societies. As a result of very complete examinations made by Mr. Percival of the other Credit Societies, showing any large overpayment at the end of the year, he has assured the Government that even if all the societies were to be wound up now there would not be a substantial loss. It must be remembered that in the Societies a reserve fund against loss of \$20,729.95 has been set up, while there is paid up capital as a further reserve of \$177,475.00. Loans were made in 1929 amounting to \$1,812,980.00. Considering the amount of business, any loss sustained is trifling, especially as compared with the losses under the Cow Bill, Seed Grain and Relief and other ventures.

Unless a Government is to be considered more inflexible than a private corporation a loss of this kind is possible through an error in judgment of a trusted official, and a comparison of the record of administration of the co-operative credit societies for nine years with the amounts loaned them from year to year, with the record of loan companies and banks doing business in the Province, will result very favorably to the administration of the societies.

FUTURE PROBLEMS

THE fact that the Natural Resources Bills have finally passed the House of Commons and the Senate and only await ratification by the Imperial Parliament gives assurance that before the end of the year the actual transfer of the natural resources will be made to the Province.

The transfer of these resources will immediately throw upon the Government problems of administration as well as the responsibility of determining what changes, if any, in policy should be effected.

Furthermore, the unemployment conditions prevailing the past winter as well as the rapid fall in the price of wheat and the world conditions causing this decline places upon the Government the necessity of considering what further problems may arise.

The Government believes its main task in the next two years will be:

1. FINANCE.

- (a) Continuing to keep the cost of Government at the lowest possible level compatible with maintained efficiency.
- (b) Holding down taxation and the fields of expenditure as firmly as is consistent with the needs of the people and their ability to finance such expenditure.

2. AGRICULTURE.

(a) The Government is hopeful that, as has been the case in past years, economic conditions with respect to production and consumption of wheat will adjust themselves so as to again give a fair price to western producers of wheat. At the same time a careful Government should face squarely the tariffs erected by importing countries in Europe which may for a year or two restrict the available market for wheat.

It will be the policy of the Government to take the lead in meeting these conditions by bringing to its assistance the best agricultural knowledge in the Province, to determine in what terms agriculture can best be broadened out and consolidated to meet these changed conditions and to increase educational efforts, particularly by trained agricultural agents, to lead the way into methods of farming considered best in view of world conditions.

3. ADMINISTRATION OF NATURAL RESOURCES.

(a) The underlying principle in the administration of the Natural Resources should be that of conserving our unalienated resources for the benefit of the people of the Province.

(b) Believing that publicity is the greatest safeguard of honest and fair administration, it will be the policy of the Government that alienation of any of the natural resources should be only by tender with complete annual reports to the Legislative Assembly.

(c) With respect to the unalienated public lands a survey and valuation should be undertaken, both with respect to School lands and the public domain generally. The Government proposes:

First—To determine what lands, if any, should continue to be made available for homestead entry;

Second—What lands should be held for public sale and at what upset price, and

Third—At what upset price school lands should be held for sale.

With respect to public sales of lands, including school lands, the consideration of regulations to prevent speculation in such lands.

(d) Land available for homestead or other disposition to be available in designated blocks to consolidate future settlement and to avoid the excessive cost of administration following uncontrolled and unregulated land settlement. Consideration also to be given to policies to encourage our own sons and daughters to remain on the lands.

(e) In connection with the sale of public lands, consideration to be given to regulations concerning the amount of clearing to be done per quarter section to preserve a reasonable amount of brush, and encouragement to farmers throughout the Province for tree planting and wind-breaks.

(f) That with respect to the mineral resources, a survey of the present credit system be made, by which credit is allowed for improvements to be off-set against the payment of royalty to ensure that the general public receives its fair return from the development of mineral wealth.

4. CONSOLIDATION—Immigration and Unemployment.

(a) So far as is constitutionally in its power, or by agreement with the Dominion Government, the present Provincial administration propose to continue to restrict immigration into the Province until we have again caught up with the problem of absorbing the population now in the Province, and to the extent of our power to regulate immigration according to the principle of our power of absorption.

(b) By the encouragement of the formation of an industrial Board the Government propose to assist in the encouragement and development of industry and establishment of industries within the Province to broaden the opportunities for labour.

POWER

With the acquisition of our Natural Resources the Province will be in an entirely new position with respect to our Hydro resources. Heretofore Hydro rights were granted by the Dominion, and the Province had no right of expropriation or control, excepting insofar as such rights were permitted by the Dominion. In the future, full control will vest in the Province with right of expropriation. Export advisers, both with respect to Coal and Hydro as sources of Power development, have been retained by the Government, and the most important task of the Government will be to control this development in the interests of our people, with policies framed to lead to the full acquisition of all Power development as a public utility, as soon as consistent with the financial condition of the Province.

GENERAL

Many problems still confront the Province, calling for earnest consideration. To this task the Government invites the co-operation of all forward looking people in our cities, towns and rural districts.

We can build a greater Alberta in proportion as we forget the prejudices of partyism and unite in common effort our urban and rural people.